



Morning Energy, powered by America's Natural Gas Alliance: Senate GOP to unveil energy package - Big 5 profits could be down - Inhofe, Mabus tangle over biofuels - Herman Cain: 'Let's sell some of these parks' - Science meets on DOE vehicles program
POLITICO Pro Energy to: Arvin Ganesan

07/26/2012 05:50 AM

From: POLITICO Pro Energy <politicoemail@politicopro.com>
To: Arvin Ganesan/DC/USEPA/US@EPA,
Please respond to politicoemail@politicopro.com

By Alex Guillen | 7/26/12 5:49 AM EDT

With help from Darren Goode and Talia Buford

SENATE GOP TO RELEASE ENERGY PACKAGE: Senate Republicans will officially unveil their newest energy plan today, a goodie bag of measures that have largely cleared the House already. Among them: approval of the Keystone XL pipeline except within Nebraska (where a new route is being worked out to avoid the Sandhills region), requiring an interagency committee to look at EPA rules affecting gasoline prices, hitting the pause button on various environmental regulations and giving the Bureau of Land Management strict timelines for approving oil, natural gas, wind, solar and other energy projects. GOP senators will hold a press conference on the package at noon, but why wait when Darren Goode had the details earlier this week: <http://politico.pro/MEUWf6>

Fact sheet on the Senate GOP package: <http://politico.pro/NKfYbd>

MURKOWSKI INTROS OWN DRILLING PLAN: Sen. Lisa Murkowski (R-Alaska) unveiled her own alternative drilling plan yesterday, which adds East Coast and California offshore drilling but sidesteps the north Atlantic and some areas in Alaska. Murkowski hopes her bill helps keep alive bipartisan talks heading into next Congress on expanding revenue sharing to all states that want to produce oil and gas off their shores. "I want to again keep this issue out there for consideration, allow them to be thinking what it might mean for full responsible development off of our shores," she said yesterday.

MURKOWSKI PLAN HAS BIPARTISAN CHOPS? And it was one of the "motivating reasons" retiring Sen. Jim Webb (D-Va.) is a co-sponsor, she said. Sen. Ron Wyden (D-Ore.) — widely expected to be the top Democrat on Energy and Natural Resources next Congress — is among those Democrats who have expressed interest in at least considering the idea. Retiring Energy and Natural Resources Chairman Jeff Bingaman (D-N.M.) is a staunch opponent of the idea.

HOUSE GOP PASSES ITS OWN DRILLING PLAN: House Republicans, meanwhile, passed their own alternative drilling plan yesterday. Both parties seized on the chance to trumpet their own election-year messaging and denounce the other side's positions — perhaps the last major energy debate on the House floor before lawmakers leave for the summer. Darren has more for Pros: <http://politico.pro/QH0E2c>

HAPPY THURSDAY and welcome to Morning Energy. Send your news to aguillen@politico.com, and hit us up on Twitter @alexeguillen, @POLITICOPro and @Morning_Energy.

IT'S SECOND QUARTER EARNINGS SEASON for the Big Five, and it didn't start out too well (relatively speaking): ConocoPhillips announced yesterday it reeled in \$2.27 billion from April through June, down 33 percent from \$3.4 billion in the same period of 2011 (more on the news from the AP: <http://bit.ly/MIXvfY>). Businessweek notes that analysts expect that trend to continue for ExxonMobil and Shell, which announce their results today. Chevron's announcement comes Friday and BP's next Tuesday: <http://buswk.co/PmsMFL>

DEMS, CAP TO HIT ROMNEY ON OIL, GAS TAX PROVISIONS: Democrats and the left aren't letting the profits — while lower than last year — go by without commenting on cutting industry tax breaks. Sen. Robert Menendez (D-N.J.) and Rep. Chris Van Hollen (D-Md.) will join the Center for American Progress's Dan Weiss and Tom Periello on a conference call today at 11:30 a.m. to discuss oil and gas industry tax provisions and release a report concluding that Mitt Romney's tax plan would send the industry more than \$4 billion each year.

FROM THE CAP REPORT, by Weiss and Seth Hanlon, coming out later today: "The world's five biggest public oil companies — BP, Chevron, ConocoPhillips, ExxonMobil and Royal Dutch Shell — would keep special tax breaks worth \$2.4 billion each year. And by cutting corporate tax rates, the Romney plan could lower the companies' annual tax bill by another \$2.3 billion, based on an analysis of the companies' tax expense for 2011. The special tax breaks, supplemented by Gov. Romney's lower corporate rates, could benefit the oil companies by more than \$4 billion annually."

HOUSE REPUBLICANS FIX TYPO: The House Rules Committee voted yesterday to fix a typo in H.R. 4078, the bill to freeze significant regulations until unemployment is equal to or less than 6 percent, and will debate the rule and the bill on the floor today. The version that originally passed through the committee omitted the "un" in "unemployment."

INHOFE: HOW MUCH FOR THAT T-SHIRT ON THE FLIGHT DECK? Sen. Jim Inhofe (R-Okla.) still isn't happy about the Navy spending millions of dollars on biofuels for its "Green Fleet" demonstration last week, and now he wants to know exactly how much the exercise cost beyond the fuel. In a letter to Secretary of the Navy Ray Mabus, the ranking Environment and Public Works Committee Republican requests a details report on the event, including everything from the cost of transporting the fuel down to how much was spent painting ships and aircraft with special logos and on commemorative t-shirts and caps. Inhofe's letter: <http://1.usa.gov/QjNGIO>

MABUS AGAIN DEFENDS GREEN FLEET: Mabus seemingly replied to Inhofe on Facebook last night, writing in a post that doesn't mention the senator that "the Great Green Fleet ... was a successful demonstration of the seamless integration of advanced biofuel and energy efficient technologies in some of the U.S. Navy's most sophisticated air and sea platforms." Mabus's Facebook post: <http://on.fb.me/PqU3GU>

Mabus also took a shot at news reports that included a figure from a recent Defense Department report projecting the Navy could

spend as much as \$1.8 billion on its biofuel programs. “There is no truth to the reports that the U.S. Navy will spend \$1.8 billion on biofuels. That figure is a fabrication based on speculation, and does not take into account Navy's commitment regarding biofuel purchases for operations. The projection assumes oil prices will not rise and that biofuel costs won't go down. History and experts tell us that oil prices are more likely to rise, and because of advances in technology and economies of scale, the price of biofuel has already dropped.”

SO WHERE'D THE \$1.8 BILLION FIGURE COME FROM? The \$1.8 billion figure (recently noted in this July 17 Wired report: <http://bit.ly/MDJCwl>) comes from a July 2011 DoD report projecting the Navy will use 336 million gallons of drop-in biofuels in 2020 and estimating that fuel could be as much as \$5.24 more per gallon than conventional fuel starting in 2015 — a \$1.76 billion equation. The report notes: “Should the cost of crude oil significantly rise, it is likely that this cost difference would close if not eliminate the price premium. However, production of renewable fuels requires energy, and their costs would be anticipated to rise as well. ...Nevertheless, investment in renewable fuels could help to provide a hedge against a sudden and steep rise in petroleum prices if these fuels were being obtained under long-term contracts at fixed prices.” The DoD report: <http://bit.ly/vNKpAT>

** A message from America's Natural Gas Alliance: What does increased shale gas development mean for America? More industrial and manufacturing facilities coming home to the U.S. because affordable, domestic natural gas is making American companies and workers more competitive. www.anga.us/workforce **

HOUSE SCIENCE MEETS ON DOE VEHICLES PROGRAM: The House Science Committee's energy and environment panel holds an oversight hearing this morning on DOE's vehicle technology programs, including alternative vehicle R&D, battery initiatives, stimulus funding and transportation electrification projects. Deputy Assistant Energy Secretary for Energy Efficiency Kathleen Hogan, Deputy DOE Inspector General for Audits and Inspections Rickey Hass and Electric Drive Transportation Association President Brian Wynne testify. The hearing's at 9:30 a.m. in Rayburn 2318.

THINGS ARE LOOKING UP FOR EVS, Hogan will tell the subcommittee. “Plug-in electric vehicle sales continue to increase, with sales growth outpacing that of gasoline hybrid electric vehicles when they were first introduced. We expect to see this trend continue, as several new vehicle models were introduced earlier this year, providing additional choices for consumers considering electric drive vehicles.” Hogan's prepared testimony: <http://politico.pro/NK2R9M>

TIME TO CONSULT YOGI BEAR: Herman Cain stopped by “The Daily Show” last night for another segment of his series “Herman Cain: An American Presidency” — and this time, he and correspondent John Oliver talked energy policy, starting with national parks and natural resources. Some of the exchange:

Cain: “Let's sell some of these parks. They're nice to have, but do we really need millions of acres of parks in order to say that we are environmentally friendly?”

Oliver: “How much can one family picnic?”

Cain: “Exactly. And in today's world, where we are a 24/7, 365 information overload society, how much picnicking are the kids doing if they're texting while picnicking?”

NOT ALL ON RIGHT HAPPY WITH GOP SOLYNDRA BILL: GOP communications strategist Michael Turk took to Facebook to complain about the No More Solyndras Act passed by an E&C panel yesterday — and subcommittee Chairman Ed Whitfield's press secretary, Corry Schiermeyer, didn't let it slide. “Whitfield's ‘No More Solyndras’ Bill is completely hypocritical as long as the U.S. government keeps pumping money into USEC hand over fist. We have invested twice what the company is worth into centrifuge technology that is known to be a failure. But I guess GOP cronyism is better than Dem cronyism, right Ed?” Turk wrote, linking to a news item on the bill's passage.

"WHAT??? Why blasting my press release???" Schiermeyer commented, adding later: “Paducah is in our district!!!”

Turk's reply: “It may be, but that doesn't make it right. I don't blame you for trying to defend it as the congressman from there, but it's the poster child for hypocritical spending by the GOP.” The whole exchange: <http://on.fb.me/PJHZS8>

T&I TO MARK UP EPA AERIAL SURVEILLANCE BILL: The House Transportation and Infrastructure Committee is set to mark up several bills today, including Rep. Shelley Moore Capito's H.R. 5961, which would bar EPA from performing aerial surveillance of farmland without obtaining permission from the landowner, publishing a notice in the newspaper or getting the OK from a federal district court. Similar legislation in a Senate amendment landed 56 votes, not enough to overcome a 60-vote requirement. The markup's at 10 a.m. in Rayburn 2167.

LCV HITS HELLER AS FRIEND OF OIL: The League of Conservation Voters has a new ad up criticizing Sen. Dean Heller (R-Nev.) as “hand-in-hand with Big Oil for years,” mirroring a charge frequently lobbed by Rep. Shelley Berkley (D-Nev.) and her campaign. The 30-second spot features water turning into oil as it passes over a man's hands and hits his voting record as pro-oil and anti-clean energy. Watch: <http://youtu.be/VI3e7q5hT2I>

CHAMBER LAUNCHING SHALE CAMPAIGN: The U.S. Chamber of Commerce's Institute for 21st Century Energy will launch a new campaign today that “will be focused on educating businesses, policy and thought leaders, and the public on the widespread economic benefits of shale,” according to a spokeswoman. On hand for the 9 a.m. kickoff at the Chamber's headquarters at 1615 H St. NW are the Chamber's energy chief, Karen Harbert, as well as representatives from state shale, manufacturing and business groups.

EPA STOPS DIMOCK WATER DELIVERIES: Reuters reports: EPA “is discontinuing water deliveries to four homes in a rural Pennsylvania town that attracted national attention after residents complained that natural gas drilling polluted wells. Further testing showed no reason for further action, the EPA said on Wednesday. The EPA had been delivering water since January to four homes in Dimock, Pennsylvania where the agency did a second round of water sampling after residents and local regulators submitted data that suggested water at the homes could be contaminated.” More: <http://reut.rs/OnkVWr>

API TO CONGRESS: JOBS, JOBS, JOBS: The American Petroleum Institute wants to make sure lawmakers have heard about its new oil and gas industry jobs campaign, Energy Works. “The U.S. jobs performance of America's oil and natural gas industry is good news for American workers, and if we commit to a stronger program of safe and responsible domestic energy development, we could add more than a million new jobs,” API chief Jack Gerard wrote to members of Congress: <http://politico.pro/M98UYy>

TWEET OF THE DAY: @ChuckGrassley: “I will eat more meat on Monday to compensate for stupid USDA recommendation abt a meatless Monday”

PASS THE POPCORN: The Natural Gas Caucus will screen “Truthland” on August 1 at 1 p.m. in 100 Capitol Visitors Center, according to John Krohn, vice president of strategic communications for FTI Consulting. The movie has been making the rounds since it debuted a few weeks ago as a response to Josh Fox’s “Gasland.”

QUICK HITS

— POLITICO’s Abby Phillip reports on E&C-er John Sarbanes’s experimental fundraising plan: <http://politi.co/MJaOet>

— Shell faces a ticking clock in its bid to drill in the Arctic. Reuters: <http://reut.rs/Qk9DHQ>

— Electric carmaker Tesla said yesterday its second quarter loss widened steeply from the same period in 2011 as it invested heavily in its second vehicle. AP: <http://www.bit.ly/Pqc9Jb>

— Extreme weather has infrastructure across the U.S. suffering. New York Times: <http://nyti.ms/OH8qDk>

— Standard and Poor’s has lowered its rating of Duke Energy, citing transparency issues over the company’s CEO switch. AP: <http://bit.ly/Qk9sw0>

HAPPENING TODAY

9 a.m. — The House Energy and Commerce Committee’s Environment and the Economy Subcommittee marks up S. 710, a bill creating an electronic system to track hazardous waste manifests and shipments. Rayburn 2123

9 a.m. — The Global Business Dialogue hosts a panel on Canadian trade policy. National Press Club

10 a.m. — The Woodrow Wilson International Center for Scholars hosts a forum on the U.S.-Canadian Regulatory Cooperation Council Action Plan at six months. Info: <http://bit.ly/SU8Afc>. Ronald Reagan Building

11 a.m. — Former NRC Commissioner Peter Bradford joins Nuclear Information and Resource Service Executive Director Michael Mariotte on a conference call to discuss foreign ownership of U.S. nuclear reactors ahead of an NRC decision on the ownership of a Calvert Cliffs, Md., reactor. Info: <http://bit.ly/Qjqk6g>

12:45 p.m. — White House CEQ Chairwoman Nancy Sutley speaks about sustainability at a U.S. News & World Report summit. Boston

3 p.m. — The Atlantic Council hosts the North American Carbon Capture and Storage Association's Michael Moore and Advanced Resources International's Vello A. Kuuskraa to discuss CO2 enhanced oil recovery and carbon markets. 1101 15th St. NW

6 p.m. — NOAA chief Jane Lubchenco and Washington Post reporter Juliet Eilperin hold a panel discussion following of the documentary “Ocean Frontiers” at the Carnegie Institution for Science. 1530 P St. NW

7 p.m. — Resource Media hosts an event on “pragmatic environmentalism” with documentarian Andrew Blackwell, Brenda Ekwurzel of the Union of Concerned Scientists, Tim Reichert of Energy Sherlock and American University professor Paul Wapner. 528 F St. Terrace SE

THAT’S ALL FOR ME. Got get ‘em.

** A message from America’s Natural Gas Alliance: From deep below the ground to your electrical outlet or the gas pump, natural gas is a cleaner American energy source. Los Angeles is experiencing significant smog reduction after converting its mass transit system to cleaner-burning natural gas vehicles. And communities across the country are converting power plants to natural gas to help clear the air, as well.

Advances in natural gas development are making our operations cleaner. The drilling footprint is 70 percent smaller than a generation ago, and from water recycling to all-natural drilling fluids, scientists are continually pursuing further innovations. Natural gas is cleaner to develop and cleaner to use. That’s smarter power today. Visit anga.us to learn more. **

Stories from POLITICO Pro

[Senate GOP ready to roll out energy plan](#)

[House bill continues GOP energy attack](#)

Senate GOP ready to roll out energy plan **back**

By Darren Goode | 7/24/12 4:31 PM EDT

Senate Republicans on Thursday will unveil their latest energy plan, a coordinated and broad set of talking points heading into the summer break and the final weeks of the election.

A leading congressional advocate of the Keystone XL pipeline — Sen. John Hoeven (R-N.D.) — is taking the lead.

Sen. John Barrasso (R-Wyo.) said he is co-sponsoring the bill and that there will be a press conference on it Thursday.

"It's a number of things that have come already through the House," he told reporters.

The Domestic Energy and Jobs Act does indeed mirror a big energy package the House approved last month and other measures the House GOP has passed through this Congress.

It would immediately approve the Keystone XL pipeline except within Nebraska, where talks continue about finding a new route to avoid the Cornhusker state's Sandhills region. It would also require an interagency committee to conduct a cumulative analysis on EPA rules and actions that affect gasoline and diesel fuel prices, according to an outline obtained by POLITICO.

The bill would pause EPA ozone, Tier 3 fuel and refinery greenhouse gas rules until six months after a report is submitted to Congress.

It also requires an "all of the above" energy plan, including goals to be set for federal land oil, natural gas, coal and renewable energy production.

The plan requires at least 25 percent of lands open for leasing each year where there is interest in development and sets timelines for issuing those leases. It would prohibit the Interior secretary from withdrawing leases — as Republicans blame the Obama administration for doing off the coast of Virginia — and adding new lease stipulations after leases have been sold.

It specifically directs the Interior secretary to do a lease sale off Virginia — while banning activity that would conflict with military operations — and changes the total amount a state can receive from federal oil and gas production off their coastlines from \$500,000 to \$750,000 annually for the years 2023 to 2055.

The bill includes "hard timelines on permit approvals" for oil, natural gas, wind, solar and other energy projects by the Bureau of Land Management and "cuts back on duplicative layers of red tape and reduces litigation."

It provides leasing in the National Petroleum Reserve-Alaska; allows site testing for wind, tidal, current and solar mapping to find more production offshore and sets a 30-day deadline for issuing a permit to test; and clarifies that federal environmental reviews should not apply to the temporary test site.

The bill also allows BLM to do online auctions and lease sales for onshore projects and freezes a plan to transfer enforcement responsibilities from the Office of Surface Mining Reclamation and Enforcement to BLM or the department's Office of Natural Resources Revenue.

Energy is expected to play a more prominent role at next month's GOP national convention, and Republicans are continuing to coordinate and fine-tune an already well-worn agenda. Staff for Mitt Romney and the Republican National Committee on Monday met with congressional and industry staff to solicit ideas at a RNC-hosted gathering.

Rep. Ed Whitfield (R-Ky.) — who chairs the Energy and Power Subcommittee — is part of an effort to finalize an energy platform for the convention.

"The details at least as far as I'm aware have not been set out yet," Whitfield said Monday. "I've just been told to be there a week before the convention to start working on an energy platform."

Whitfield said he had lunch late last week with Romney officials on energy.

House Republicans have passed a suite of energy bills this Congress, including a [big package](#) last month. Barrasso said this would be the Senate's version of that essentially. "The idea is to try to get a vote on this," he said. Pretty much all House GOP energy bills have essentially been dead on arrival in the Senate.

Among the other co-sponsors of the Senate bill will be Energy and Natural Resources ranking member Lisa Murkowski (R-Alaska), who will soon offer a separate alternative to the Interior's five-year offshore oil and gas strategy.

Sens. David Vitter (R-La.) and Jeff Sessions (R-Ala.) have their own offshore oil and gas drilling bill that would open up more areas in the Gulf of Mexico and along parts of the Atlantic and Pacific coasts and Alaska. Unlike a House GOP drilling bill on the floor this week, the Vitter and Sessions plan does not include lease sales in the North Atlantic and in the North Aleutian off Alaska.

This week's House drilling [bill](#) calls for 28 lease sales in total, including sales off Virginia, Southern California and Alaska starting next year and for a mid-Atlantic sale starting in 2014. Final House approval is expected Wednesday.

The five-year plan the administration announced last month includes 15 potential lease sales in the Gulf and off Alaska but none for the Atlantic and Pacific coastlines.[back](#)

House bill continues GOP energy attack [back](#)

By Darren Goode | 7/25/12 5:36 PM EDT

Republicans continued their summertime thumping of the Obama administration's energy policies with the House approving an alternative offshore drilling plan Wednesday.

But both parties seized on the chance to trumpet their own election-year messaging and denounce the other side's positions — perhaps the last major energy debate on the House floor before lawmakers leave for the summer.

The House voted 253-170 to pass a bill from Natural Resources Chairman Doc Hastings (R-Wash.) that would replace the Obama administration's proposed five-year offshore drilling strategy, vastly expanding the list of coastal areas where the government could sell new oil and gas leases. Twenty-five Democrats voted for the legislation, while nine Republicans — mostly from New Jersey and other coastal states — voted no.

The [bill](#) calls for 29 lease sales in total, including sales off Virginia, Southern California and Alaska starting next year and a mid-Atlantic sale starting in 2014 — along with a sale off South Carolina, added by an amendment in committee from Rep. Jeff Duncan (R-S.C.).

The White House on Monday threatened an [insurmountable veto](#) of the bill.

But the energy strategy of both parties this Congress continues to be a fight for talking points. And both sides grappled for that upper hand Wednesday.

Republicans easily defeated several Democratic amendments, along with a Democratic motion to recommit that would have barred companies violating Iranian oil sanctions from profiting from U.S.-based oil development.

Hastings also brought up for debate a bill he sponsored — and then promptly attacked — that would codify the Interior Department’s proposed five-year plan. The bill failed 164-261, with 23 Democrats opposing and retiring Illinois GOP Rep. Tim Johnson supporting it.

The overt symbolism of the debate was not lost on Democrats.

“I mean, it’s so nakedly obvious what is happening here, in terms of the political nature of what the Republicans are doing on this subject,” Natural Resources ranking member Ed Markey (D-Mass) said.

Markey also accused Republicans of maintaining protections for Florida’s coast because it is a presidential swing state and home of next month’s GOP national convention in Tampa.

“They kind of pick a whole bunch of states that are on the Atlantic Ocean and the Pacific Ocean, but they leave out one state,” Markey said. “Hmm, Gore vs. Bush. Florida could decide the presidential race. Oh, the Republican convention is in Florida this year. Oh, they don’t want a million people coming to protest the drilling off the beaches of Florida? Oh, that makes a lot of sense.”

Hastings said the bill targets the richest areas for oil and gas development. “We use a very, very novel approach to where we should sell leases and explore for oil. And that is very simply where we think the resources are,” Hastings said.

Senate Republicans this week are also officially bridging their talking points with House Republicans’ and on Thursday are unveiling a package of energy initiatives that the House has already passed. They include not just onshore and offshore oil drilling, but also the Keystone XL pipeline, a rollback on EPA regulations and efforts to expedite and expand other traditional and renewable energy sources.

Representatives of Mitt Romney’s campaign and the Republican National Committee have met with lawmakers and staff in recent days to continue piecing together the energy portion of the policy platform for next month’s Republican national convention.

The Senate bill is led by Sen. John Hoeven (R-N.D.), who is a co-chair and Senate liaison on a committee putting together the convention’s platform.

Hoeven, House Majority Whip Kevin McCarthy, Senate Minority Leader Mitch McConnell, Senate Energy and Natural Resources ranking member Lisa Murkowski and other GOP leaders have scheduled a noon news conference Thursday to officially unveil the Senate bill.

Hoeven is also co-sponsoring an alternative that Murkowski separately introduced Wednesday to the Interior Department’s five-year strategy. The Murkowski bill — unlike the House-passed plan — would avoid drilling in areas like the North Atlantic and the North Aleutian off Alaska where local officials have objected.

It would add a dozen more lease sales over the next five years than in the administration’s proposed plan in the Gulf, off Alaska and states like Virginia that have shown interest in starting production off their coastlines. The bill — which has attracted Democratic co-sponsors Mary Landrieu and Virginia Sens. Mark Warner and Jim Webb — would also expand revenue sharing for all states that would produce off their coastlines and guarantees annual lease sales in Alaska. GOP Sens. Jim Inhofe and John Barrasso are also original co-sponsors.[back](#)

This email alert has been sent for the exclusive use of POLITICO Pro subscriber Arvin Ganesan. Forwarding or reproducing the alert without the express, written permission of POLITICO Pro is a violation of federal law and the POLITICO Pro subscription agreement. Copyright © 2012 by POLITICO LLC. To subscribe to POLITICO Pro, please go to www.politicopro.com. To change your alert settings, please go to <https://www.politicopro.com/member/?webaction=viewAlerts>.
